




**Medical Services**  
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John Hoeven, Governor  
Carol K. Olson, Executive Director

## MEMORANDUM

**Date:** April 2, 2008  
**To:** North Dakota Medicaid Ambulance Providers  
**From:** Erik Elkins, Assistant Director of Medical Services, DHS   
**Cc:** Maggie Anderson, Director of Medical Services, DHS  
**Re:** Drug Codes Billed

The Deficit Reduction Act of 2005 (DRA) included a provision for state Medicaid agencies to require submission of National Drug Codes (NDCs) on claims submitted with a Healthcare Common Procedure Coding System (HCPCS) J-code in order to secure rebates for such drugs administered whenever such drugs are billed in an outpatient setting. This requirement necessitated North Dakota Medicaid to implement new billing procedures for prescription drug products administered in an outpatient setting. Healthcare providers were also required to make significant changes to the billing process to ensure compliance with this Federal law. Prior to this mandate, all drug claims on the medical side were billed with HCPCS or CPT codes.

Certain ambulance providers have also been affected by this mandate. Prior to this mandate, when drugs were administered in an ambulance setting, they were billed with the appropriate J-code. Effective 01/01/2008, they would need to be billed with the appropriate NDC. The Department has discussed the impact of the DRA with ambulance service providers. It has been determined that the most efficient solution is to include the drug costs (J-codes) as part of the rate for ALS base rate transport services.

Effective January 1, 2008, drugs (Jxxxx for example) billed in conjunction with ambulance services will be considered as part of the primary ALS base rate transport service and will not be reimbursable as a separate service. The base rate for the ALS primary base rate transport service (A0427) has been increased to reflect this change. The Department looked at the cost of J-code drugs billed, as well as the utilization of ALS base rate transport code, for Calendar Year 2007. The result of the calculation was an increase to the base rate of \$0.32. Effective 01/01/2008, the new rate for code A0427 will be \$269.10. Because of this change, ambulance providers will see drugs (J-codes) denied as included in the base rate on their Remittance Advice. These drugs are not billable to the recipient. If you have submitted claims for code A0427 and have had drugs denied with dates of service after 01/01/2008, please submit an Adjustment Request Form (SFN-639) and we will reprocess the claim with the new rate for code A0427.

For any questions please contact Juli Johnson at 328-1622.